

University of Montana

ScholarWorks at University of Montana

Graduate Student Theses, Dissertations, &
Professional Papers

Graduate School

1984

Study of consumer attitudes about financial institutions in Great Falls Montana

Michelle Juelfs
The University of Montana

Follow this and additional works at: <https://scholarworks.umt.edu/etd>

Let us know how access to this document benefits you.

Recommended Citation

Juelfs, Michelle, "Study of consumer attitudes about financial institutions in Great Falls Montana" (1984).
Graduate Student Theses, Dissertations, & Professional Papers. 4834.
<https://scholarworks.umt.edu/etd/4834>

This Thesis is brought to you for free and open access by the Graduate School at ScholarWorks at University of Montana. It has been accepted for inclusion in Graduate Student Theses, Dissertations, & Professional Papers by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact scholarworks@mso.umt.edu.

A Study of Consumer Attitudes
about Financial Institutions
in Great Falls, Montana

by:

Michelle Juelfs

B.S. The College of Great Falls, 1980

Presented in Partial Fulfillment of the Requirements
for the Degree of Masters in Business Administration
1984

Approved by:


Chairman, Board of Examiners


Dean Graduate School

12-12-84
Date

UMI Number: EP40298

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent upon the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



UMI EP40298

Published by ProQuest LLC (2014). Copyright in the Dissertation held by the Author.

Microform Edition © ProQuest LLC.

All rights reserved. This work is protected against unauthorized copying under Title 17, United States Code



ProQuest LLC.
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106 - 1346

1-23-85

ACKNOWLEDGEMENTS

I would like to thank Great Falls Federal Savings and Loan for the financial support that helped make this study possible. I would also like to thank Associated Research Analysts for the use of their facilities and Dr. Wilson for his support and guidance in this project.

Thanks also to my husband and son for putting up with all the inconveniences so I could finish my schooling.

TABLE OF CONTENTS

	Page
1. INTRODUCTION	1
2. METHODOLOGY	13
3. ANALYSIS	20
4. CONCLUSIONS AND MARKETING IMPLICATIONS	53
5. BIBLIOGRAPHY	58
6. APPENDICES	
A. Telephone Call, Tracking Sheet, Cover Letter, Follow-up Postcard, Questionnaire with Question Codes and Questionnaire Booklet	60
B. Miscellaneous Comments	72
C. Simple Tabulations of Results by Question Number	77

LIST OF TABLES

		Page
1.	TABLE 3.1 PREFERRED AND PRIMARY INSTITUTIONS	20
2.	TABLE 3.2 PRIMARY INSTITUTION BY SEX	21
3.	TABLE 3.3A GREAT FALLS FEDERAL SAVINGS AND LOAN CUSTOMERS RATING OF SERVICES	23
4.	TABLE 3.3B RESPONDENTS OTHER THAN GREAT FALLS FEDERAL SAVINGS & LOAN CUSTOMERS RATING OF SERVICES	24
5.	TABLE 3.4 MONEY CERTIFICATES OF DEPOSIT	25
6.	TABLE 3.5 BALANCES IN CHECKING OR SHARE DRAFT ACCOUNTS	26
7.	TABLE 3.6 SAVINGS ACCOUNT BALANCES	27
8.	TABLE 3.7 INSTITUTION PAYING HIGHEST RATE ON SAVINGS	28
9.	TABLE 3.8 DISTRIBUTION OF DEPOSIT ACCOUNT CUSTOMERS BY AREA	29
10.	TABLE 3.9 DISTRIBUTION OF LOAN CUSTOMERS BY AREA	30
11.	TABLE 3.10 SAFEST INSTITUTION	31
12.	TABLE 3.11 EDUCATION LEVEL BY RESPONDENT	33
13.	TABLE 3.12 PERCEPTION OF CURRENT INTEREST RATES	35
14.	TABLE 3.13 RESPONDENT'S MARITAL STATUS	36
15.	TABLE 3.14 FINANCICAL SERVICES AFFECTED BY THE DEPOSITORY DEREGULATION ACT OF 1980 BY AGE	37
16.	TABLE 3.15 INTEREST RATE IMPORTANCE FOR SAVINGS ACCOUNTS AND MARITAL STATUS	38

LIST OF TABLES (CONTINUED)

		Page
17.	TABLE 3.16 INTEREST RATE IN APPLYING FOR A CAR LOAN AND SEX OF RESPONDENT . .	39
18.	TABLE 3.17A SINGLE RESPONDENTS BY SEX AND WHETHER OR NOT GREAT FALLS FEDERAL SAVINGS AND LOAN CUSTOMERS	40
19.	TABLE 3.17B MARRIED RESPONDENTS BY SEX AND WHETHER OR NOT GREAT FALLS FEDERAL SAVINGS AND LOAN CUSTOMERS	41
20.	TABLE 3.18 FEMALE RESPONDENTS BY AGE AND PRIMARY INSTITUTION	42
21.	TABLE 3.19 MALE RESPONDENTS BY AGE AND PRIMARY INSTITUTION	43
22.	TABLE 3.20A INSTITUTION EXPECTED BY FEMALES TO OFFER THE LOWEST RATE ON A NEW CAR LOAN, VACATION LOAN, HOME APPLIANCE LOAN AND HOME MORTGAGE LOAN	44
22.	TABLE 3.20B INSTITUTION EXPECTED BY MALES TO OFFER THE LOWEST RATE ON A NEW CAR LOAN, VACATION LOAN, HOME APPLIANCE LOAN AND HOME MORTGAGE LOAN	45
23.	TABLE 3.21A INSTITUTION MOST LIKELY TO BE USED BY FEMALES FOR A NEW CAR LOAN, VACATION LOAN, HOME APPLIANCE LOAN AND HOME MORTGAGE LOAN	46
24.	TABLE 3.21B INSTITUTION MOST LIKELY TO BE USED BY MALES FOR A NEW CAR LOAN, VACATION LOAN, HOME APPLIANCE LOAN AND HOME MORTGAGE LOAN	46
25.	TABLE 3.22 INCOME BY SEX OF RESPONDENT . . .	47

LIST OF TABLES (CONTINUED)

		Page
26.	TABLE 3.23A FEMALES BY INCOME AND MARITAL STATUS	48
27.	TABLE 3.23B MALES BY INCOME AND MARITAL STATUS	49

CHAPTER I

Introduction

Financial institutions operate in a dynamic and rapidly changing environment. Government is constantly revising the rules and regulation under which they are to function. The recent accelerated move towards deregulation that occurred in the financial sector is what generated the interest in this Study on Consumers Attitudes about Financial Institutions in Great Falls, Montana.

This study is mainly concerned with three major types of financial institutions: Commercial Banks, Credit Unions, and Savings and Loans. A commercial bank acquires demand deposits and in turn makes loans and investments. Its trust department invests in corporate securities, makes mortgage loans available to individuals and companies, and may manage pension plans for corporations. Control of entry into and exit from commercial banking is highly regulated. The Comptroller of Currency is a bank chartering agency and charters only national banks. This agency has jurisdiction over, examines and directly supervises all national banks.

Membership in the Federal Reserve is mandatory for all national banks. Less than ten percent of all state banks are members of the Federal Reserve.

Commercial bank deposits can be insured by the Federal Deposit Insurance Corporation. If a bank's deposits are insured by this organization it is then under the FDIC's supervision and jurisdiction. Approximately ninety-seven percent of all banks are insured by the FDIC. All banks that are members of the Federal Reserve must carry this insurance on their deposits. This is a requirement for operation in some states but not in Montana.

Savings and loan associations acquire funds from households and make loans. They channel funds from savings to mortgage and other lending. Traditionally a large portion of their lending has been kept in long-term assets.

Savings and loans can be insured by the Federal Savings and Loan Insurance Corporation, and be members of the Federal Home Loan Association.

Credit unions acquire funds from households and use the money for cash and installment loans to households. These loans are usually for automobiles, vacations, or home improvement and repairs. These cooperative institutions are designed to pool the savings of their members and to lend to other members. Credit unions aim to pay high rates to savers and charge low rates to borrowers. Members usually have a common occupational bond, or are residents of the same geographic area. Ninety percent of credit unions are based on an occupational bond.

The financial industry has been highly regulated.

However, since the passage of the Depository Institutions Deregulation and Monetary Control Act of 1980, some of the restraints have been loosened. This act was the most substantial and far reaching banking legislation since the 1930's. It was designed to improve monetary control and promote equity and competition in the financial sector. It consisted of the following nine titles:

TITLE I. Monetary control Act of 1980

- A. Reserve requirements were affected on all transaction accounts and non-personal time deposits at commercial banks, savings and loans, and credit unions, if federally insured or eligible for insurance.

TITLE II. Depository Institutions Deregulation Act of 1980

- A. Orderly phase out of interest rate ceilings, dividend ceilings and other accounts in depository institutions. The phase out is to occur through March 31, 1986.

TITLE III. Consumer Checking Account Equity Act of 1980

- A. Provides for equity among depository institutions in their abilities to offer competitive deposit accounts and services. Banks are still to offer automatic transfers from savings.
- B. Savings and loans can provide remote service units for the transfer of funds and payments from or to savings accounts.
- C. Credit union may continue to provide share draft accounts.
- D. NOW accounts were authorized nationwide for banks and thrift institutions effective December 31, 1980.
- E. Increased insurance on federally insured banks, savings and loans, and credit unions to \$100,000.00.
- F. Federal Home Loan Bank and National Credit Union Administration Board are all authorized to engage in and provide clearing and settlement services for their members at a reasonable charge.

TITLE IV. Powers of Thrift Institutions and
Miscellaneous Provisions

- A. To promote competition and to enable thrifts to acquire assets consistent with their transaction accounts.
- B. Broaden the range of assets thrifts can hold.
- C. Federally chartered savings and loans may now hold up to twenty percent of their assets in consumer loans, commercial paper, and corporate securities.
- D. Geographic lending restrictions of real estate lending are removed.
- E. A ninety percent loan to value limit instead of a \$75,000.00 limit.
- F. Federally chartered savings and loans are authorized to offer credit card services and may exercise trust and fiduciary powers.

TITLE V. State Usury Laws

- A. Preempts state usury laws on mortgages, business and agricultural loans in excess of \$25,000.00 and on loans by state chartered institutions.
- B. Mortgage usury rates maybe reinstated by states between April 1, 1980 through April 1, 1983, otherwise federal usury laws will stand.
- C. State usury laws on large business loans were reset at not more than five percent over the Federal Reserve District discount rate and expired in 1983 or earlier if reinstated by the state.
- D. State banks, branches of foreign banks, insured savings and loans, and small business investment corporations, will be allowed to charge interest on loans up to one percent above the Federal Reserve Discount Rate. Provision was designed to overcome difficulties states had in revising their usury laws.

TITLE VI. Truth in Lending Simplification and Reform Act

- A. Amended Truth in Lending Act of 1969 and was designed to increase consumer understanding and disclosure requirements were streamlined.
- B. Model forms and clauses were to be developed by the Board of Governors of the Federal Reserve that if used

properly will insulate creditors from civil liability.

TITLE VII. Amendments to the National Banking Laws

- A. Some changes were made in the Comptroller of the Currency.
- B. Bank Holding Company Act was amended primarily regarding the interstate acquisition of a trust company (prohibited) and policy concerning approval of an application of a one-bank-holding company.

TITLE VIII. Financial Regulatory Simplification Act of 1980

- A. Regulation of financial institutions were to be simplified.
- B. Regulations were to be clearly written, conflicts, duplications, and inconsistencies were to be avoided and paperwork and other burdens were to be minimized.

TITLE IX. Foreign Control of United States Financial Institutions

- A. For a period of three months (through July 1, 1980), takeover of five percent or more of a domestic financial institution by a foreign person was restricted.¹

Another far reaching piece of legislation was the Garn-St.Germain Act of 1982. This act did the following:

- I. Directed Depository Institutions Deregulation Committee to authorize new federally insured accounts to be offered by commercial banks, savings and loan associations, and mutual savings banks that are directly competitive with the money market mutual funds.
 - A. This act is to have no limitation on the maximum rate of interest payable.
 - B. To be in effect no later than sixty days from enactment of the Garn-St.Germain Act.
 - C. Not to be subject to transaction account reserve requirements such as; up to three party transfers are permitted per month.

¹Ivan C. Johnson and William W. Roberts, Money and Financial Institutions (New York: Dryden Press, 1982), p. 659.

- D. Be directly equivalent to and competitive with money market mutual funds registered with the Securities and Exchange Commission under the Investment Act of 1980
- E. Called for elimination of interest differentials for all categories of insured accounts on or before January 1, 1984.
- F. Establishment of interest free money market deposit accounts no later than December 14, 1982.²

Senator Garn, who was responsible for the Garn-St.Germain Act of 1982, held a four day seminar in April of 1983, which came up with the following recommendations concerning regulatory policy:

- I. All state or federal bans against interstate banking should be repealed.
- II. Any regulations of financial institutions should be by "functional line", that is by product rather than type of institution.
- III. The Federal Reserve should get out of regulation and concentrate on monetary policy.
- IV. Failing banks should be allowed to fail, like any other commercial enterprise. As long as depositors are protected by government or private insurance.
- V. The Glass-Steagall Act of 1933, which separates investment banking from stock brokerage should be extensively altered or replaced.
- IV. All usury laws should be repealed including interest rate ceilings for banks and thrift deposits.³

²Doyle L. Arnold, "Banking Issuance", Comptroller of the Currency Administrator of National Banks, March 18, 1983.

³Forbes Magazine, "States Rights". May 23, 1983, p. 36.

Proposals similar to the recommendations from Senator Garn's seminar have arisen at many sessions of the Congress, regarding a single federal regulatory agency for banks and a realignment of the functions of federal regulators.

The Depository Institutions Deregulation Committee Meeting on June 30, 1983 voted for the following changes in regulatory policy:

- I. To eliminate interest rate ceilings and other regulations on time deposits except for:
 - A. A minimum early withdrawal penalty of one month's interest for accounts of one year or less in maturity and three month's interest for accounts of longer maturities.
 - B. The existing rules of the agencies requiring a one percent differential between a loan rate and the rate on a time deposit account with a maturity of thirty-one days or less.
- II. Only accounts for which a fixed rate ceiling will apply after October 1, 1983 will be on passbook savings demand deposits, and regular NOW accounts.
- III. New regulations effective on October 1, 1983 apply for monies deposited in accounts on or after that date.
- IV. Banks were free as of October 1, 1983 to design whatever categories of time deposits they choose as long as the deposits have original maturities of thirty-one days or more.
 - A. All existing regulations governing minimum denominations and maturities, maximum rates and compounding have been abolished.⁴

Another change in regulatory policy was the plan for phasing out of Regulation Q. Regulation Q limited the rate of interest commercial banks could pay on savings accounts

⁴Lowrie, Jerry. Results of June 30, DIDC Meeting. South Dakota Bankers Association [1983].

and did not allow for the payment of interest on demand deposits. Before deregulation savings and loans were allowed to pay one-quarter of one percent above commercial banks on savings accounts. This differential placed savings and loans in a beneficial situation, as the higher rate attracted deposits. In turn savings and loans could use the money for home mortgages or government bonds.

Regulation Q was used for monetary control in the 1960's. By limiting the percentage financial institutions could pay on savings it slowed the rate that deposits were received.

By the 1970's Regulation Q was no longer an instrument of monetary control. This was due to the suspension of interest rate ceilings on certificates of deposit of \$100,000.00 or more and maturing in thirty to eighty-nine days.

Regulatory ceilings on time and saving deposits are to be phased out by 1986. Congress gave the following reasons for phasing out interest rate ceilings:

- I. They created interference with competition for funds.
- II. They discourage savings.
- III. They cause inequities among depositors.
- IV. They have not insured an even flow of funds for home building.

As of October 1, 1983:

- I. Fixed maturities, interest rate ceilings and

minimum deposits on certificates of deposit were taken away.

- II. Penalties for early withdrawal were lowered substantially.
- III. Banks and savings and loans now can set any rate they wish on time deposits of more than thirty-one days.
- IV. Financial institutions can fix their own minimum usually \$500.00, on certificates of deposit.
 - A. Regulators still require depositors to have at least \$2,500.00 to open a super now and bank money market account.
 - B. After December 1, 1983 no minimum balance requirements for bank money market or super now deposits that go into Individual Retirement Accounts.⁵

Deregulation has allowed banks to offer passbook saving rates at five and one-half percent as of January 1, 1984. This is the same rate that savings and loans can offer. Banks can now offer discount brokerage services also.

Savings and loans are now able to offer truly flexible variable rate mortgages. They also can branch more easily. As of 1982 a customer could get a commercial loan as well as the usual personal loan at savings and loans. They can also offer trust service and investment counseling.⁶

Credit unions also obtained some new freedom under these acts. They can offer money market accounts, a variety

⁵Arnold, Doyle L. Banking Issuance: Comptroller of the Currency Administrator of National Banks. (Minneapolis: Federal Reserve Bank of Minneapolis [1983]).

⁶Tom Kern, "Credit Unions Packing New Financial Punch", Great Falls Tribune, Section E (July 17, 1983): 1.

of savings accounts, individual retirement accounts, interest bearing share draft accounts, travelers checks, money orders, and consumer loans. Credit unions are still required to have all excess funds invested in government secured financial programs.

Some differences that remain between commercial banks, savings and loans, and credit unions are:

- I. Savings and loans can branch in some states where banks can't branch.
- II. To borrow from a credit union one must be a member. It is becoming increasingly easier to qualify as a member of a credit union, however.
- III. Some credit unions are open on Saturdays, banks and savings and loans are less likely to have Saturday hours.
- IV. Banks tend to steer away from long-term land loans. They still do mainly business loans and also some home mortgage loans.
- V. Banks and savings and loans can borrow from the discount window.

A study based on a survey of commercial banks, thrift executives, financial analysts, regulators and investment bankers indicated the following will result from deregulation:

- I. The number of banks will decline from fifteen thousand to nine thousand six hundred.
- II. Banks having more than one-billion in assets will grow in number by twenty-six percent and account for sixty-five percent of all industry assets by the end of the decade.
- III. Non-bank acquisitions will be minimal as security firms focus on chartering non-banks or expanding existing product lines.

IV. The deposit base of banks, thrifts, and non-bank money market funds will grow at a 2.7% annual rate in 1983-1986, and a 3.3% rate in 1987-1990. This means credit will probably be more readily available.⁷

It was decided to do a survey to study how people in Great Falls view the financial institutions, if they are aware of any changes due to deregulation, which services they value that are offered by financial institutions, which institutions they use for different types of loans, which institutions do they think of as their primary financial institution, and which financial institution do they feel is the safest.

Has deregulation changed the way people in Great Falls view the three types of institutions covered in the study; commercial banks, credit unions, and savings and loans? Are people using the new services these institutions can offer?

By knowing the services people value an institution can gear its marketing program to emphasize these services. Additionally, an institution can also make the public aware of the different services that it now offers due to deregulation. Any weak points that may be discovered through this survey could be recognized and corrected.

⁷Jordan E. Goodman, "Savings Roundup-Deregulation Arrives", Money (November 1983) : 47.

CHAPTER II

Methodology

A survey of Great Falls area households was conducted to gather information regarding their views about financial services and institutions in the local market area. A mail survey, preceded by telephone contact to elicit cooperation, was used to collect information. Sample elements were selected using a modified random digit dialing procedure based on active residential exchanges in the Great Falls market area.

Both mail and telephone techniques were used in this survey based on the following reasons:

- I. By having field workers call potential respondents and ask for cooperation in this survey the response rate was expected to be higher than the usual low rate of fifty percent or less on mail surveys.
 - A. The survey was personally addressed to the respondent based on information obtained by the field workers.
 - B. A random sample of males and females should be drawn as the field workers were asking for the participation of the adult present with the next birthday.
 - C. The phone contact made the respondent aware of the survey and it was hoped this would increase the response rate.
 - D. In the phone call it was stressed that each respondent's opinion does count.
 - E. I added ten to the phone numbers picked so that the unlisted numbers would have a chance at being called. The numbers were checked against the city directory so businesses would not be called.
- II. By mailing the questionnaire, the respondent would have more time to think about his or her answer. Some of the questions if asked over the phone,

might be answered hastily or a wrong response might be given.

III. Personal questions might be answered more truthfully on paper.

IV. It was felt that the length of the questionnaire was too long for a telephone interview. It took approximately seven minutes to complete the questionnaire.

V. Due to the time needed and the high cost of personal interviews, combined mail and telephone techniques suited this study better.

The survey booklet was designed based on the concepts of the Total Design Method, by Dillman. This method, if followed completely, has been found to have a seventy to eighty percent response rate. It calls for:

- I. A questionnaire booklet printed up on 8 1/4" x 12 1/2" sheets of paper. These are then folded in the middle to form a booklet the size of 6 1/8" x 8 1/4". However, the survey booklet used in this study was slightly larger.
- II. No questions are permitted on the front and back pages. The front and back pages were used in this survey booklet to reduce the cost of printing.
- III. The questionnaire pages are photographically reduced to seventy-nine percent of their original size. This makes the survey look shorter than it is.
- IV. The survey is reproduced on white or off-white paper. Sixteen pound paper is preferred as both sides have printing on them.

The Total Design Method tries to overcome the common problems of questionnaires such as; too long, hard to read, and confusing. This method is very precise and if followed produces a nice well-organized survey that looks inviting to the respondent. The final result looks professional and

indicates that a lot of time and energy was spent on preparing it. This enhances the importance of the survey to the respondents.⁸

The size of the booklet just fits into a common size return envelope. If all recommended dimensions are followed the cover letter, survey, return envelope and mailing envelope weigh under an ounce and therefore can be mailed for the minimum first class rate. Flashy colors and designs are avoided so the respondent doesn't think the survey is an advertisement or junk mail.⁹

The questionnaire was arranged so the easier questions appeared first. This gave the participant the feeling of accomplishment early in the survey. Also once respondents have filled out some of the questionnaire, they are more likely to finish it if the harder or more personal questions are at the end.

The survey was sent out under the letterhead of Associated Research Analyst. Therefore it appeared as a professional survey and should have been evaluated on its own merits.

The following information was to be obtained from the study:

⁸Don A. Dillman, Mail and Telephone Surveys: A Total Design Method (New York: Wiley, 1978), p. 120-123.

⁹Ibid., 123

- I. People's preferences between the three major types of financial institutions.
- II. How important interest rates are in peoples' choice of institutions.
- III. How people rate the different services financial institutions offer.
- IV. Where these people do their personal business.
- V. How accurate are peoples perceptions of current interest rates.
- VI. How much and where the respondents had money in checking, savings and certificates of deposit.
- VII. Demographics about the respondents.
- VIII. If the respondents had any comments they wanted to make about financial institutions in Great Falls.

Great Falls Federal Savings and Loan Association was approached and asked if they would fund this project. They agreed and offered a few suggestions such as: an area coding be added to allow for feedback on their branch effectiveness. At their request Great Falls was divided into five areas:

- A = Southwest Area (Country Club, Grande Vista, Fox Farm Addition and Belleview).
- B = Northwest Area (Valley View, Riverview, and the lower Southside).
- C = Downtown Business District (Missouri River to 9th Street).
- D = Southeast Area (South of 10th Avenue South and east of 9th Street).
- E = Northeast Area (North of 10th Avenue South and East of 9th Street).

The survey instrument was pretested on ten respondents. A few minor adjustments were made such as: on question 14 checking account was clarified as personal checking account.

Four field workers were trained to call the randomly selected numbers and ask for cooperation in this important study. They were to call from 6:00 p.m. to 9:00 p.m. Monday through Friday, 11:00 a.m. to 6:00 p.m. on Saturday, and 1:00 p.m. to 9:00 p.m. on Sunday.

Each field worker was given one hundred primary numbers and twenty-five alternate numbers. Every primary number was to be called at least three times (different days), and if a positive response was not received an alternate number was to be used.

It took approximately two and one-half weeks to get four hundred willing participants. This was longer than anticipated. The fact this was a financial survey tended to make people uneasy and they often declined to participate. Approximately 55% of the people called indicated they would participate.

Field workers recorded their results on tracking sheets (see Appendix A). Once a yes response was received the participant's name and address was recorded. A survey was mailed to that person the next day. A follow-up postcard was mailed two days later to remind the participant to please fill out and return the survey (see Appendix A).

In deciding what sample size to use some trade-offs had to be made. An accurate and reliable a survey as possible was desired, but the cost was limited by available funding.

A confidence level of ninety-five percent and a

sampling error of five percent were selected. The variance assumed for sample size determination was .25 which represents the worst possible case (i.e. $\sigma^2 = .25$).

The sample size of about four hundred was arrived at from the following equation representing a workable rule of thumb for sample size determination.¹⁰

$$n = \frac{z^2 (\sigma)^2}{\text{S.E.}}$$

$$n = \frac{1.96 (.5)^2}{(.05)^2}$$

n = Sample Size

$$n = \frac{3.84 (.25)}{.0025}$$

z = Number of standard deviations for the desired confidence level (1.96 for 95% confidence level)

σ^2 = Population variance (.25)

S.E. = Sampling error - tolerable sampling error (.05)

$$n = \frac{(1.96)^2 (.25)}{(.05)^2} = 384$$

Of the four hundred surveys sent out two hundred and sixty-six were returned. Two hundred and sixty-four of which were filled out (two surveys came back with the comment that the study was too personal). That represents a response rate of sixty-six percent. This is a little lower than the expected seventy to eighty percent response rate when The Total Design Method is used. This lower rate could

¹⁰David A. Aaker and George S. Day, Marketing Research (New York: John Wiley & Sons, 1980-83), p. 329-335.

be due to the personal nature of the survey and that only one follow-up postcard was used compared to the three suggested by Dillman. However, with the telephone pre-contact a response rate of 95% or more was expected in this particular study.

Future Suggestions:

There were considerable problems with the drawing of numbers from the phone book and adding ten to establish sample elements. This resulted in many non-working numbers. A total of seven hundred and thirty-two random numbers had to be drawn to get four hundred willing participants. This was almost two phone calls per positive response--that is if an answer was achieved on the first call, which often was not the case. Therefore time and money were wasted.

It is suggested that numbers be drawn from a different source. Perhaps one could be obtained that included unlisted numbers and therefore nothing would have to be added to the numbers.

CHAPTER III

Analysis¹¹

The first two questions in the survey attempted to get an idea of the respondents' general feeling about commercial banks, credit unions, and savings and loans. Question one asked which institution the respondent liked to do their personal business with. Question two wanted to know what institution they thought of as their primary institution.

Of the people surveyed 48% preferred to do business with a credit union. Interestingly the same percentage rate (48%) thought of a commercial bank as their primary institution. Approximately the same percentage (6%) of people thought of a savings and loan as their primary financial institution and as the type of institution they preferred to do business with. Table 3.1 summarizes people's responses to questions one and two.

¹¹The analysis of survey results will compare Great Falls Federal Savings and Loan with all other institutions.

TABLE 3.1

	Prefer for Personal Business		Primary Institution	
	Total #	%	Total	%
Commercial Bank	116	44.0%	128	48.0%
Credit Union	128	48.0%	114	43.5%
Savings and Loan	15	6.0%	14	5.3%
Other	2	.8%	5	2.0%
Missing Value	3	1.2%	3	1.2%
Total	264	100.0%	264	100.0%

Of the respondents one hundred forty-five were females and one hundred fourteen were males. The majority of females (52%) preferred to do business with a commercial bank whereas the majority of males (48.3%) preferred to do business with a credit union. The same number of males and females preferred a savings and loan. The overall choice was a commercial bank, with 48.0% preferring this type of institution. Credit unions were chosen second (43.5%) and savings and loans were chosen third (5.3%).

TABLE 3.2

PRIMARY INSTITUTION BY SEX

	Male		Female		Missing Value		Overall	
	#	%	#	%	#	%	#	%
Credit Union	55	48.3	58	40	1	20	114	43.5
Commercial Bank	51	44.7	75	52	2	40	128	48
Savings & Loan	6	5.3	6	4	2	40	14	5.3
Other	2	1.7	3	2	0	0	5	.2
Missing Value	0	0	3	2	0	0	3	1.2
TOTAL	114	100	145	100	0	100	264	100

In the following analyses Great Falls Federal Savings and Loan will be separated out due to their financial support.

Question six asked for the respondents to rate how important nineteen different services were to their selection of a financial institution. Overall error free service had the most people (82%) feel this was very important. The participants that had deposits at Great Falls Federal Savings and Loan indicated error free service was very important for 74% of them, moderately important for 22% and slightly important for 2.8%.

The interest rate on loans was rated as very important by 74% of the respondents. Sixty percent of Great Falls Federal Savings and Loan's customers rated this as very important.

Other services that were rated very important by a large percentage of respondents were: safety of deposits, size of service charges, personal service, high return, ease of making withdrawals, and friendliness of service. Great Falls Federal Savings and Loan customers generally answered the same.

Premiums, availability of individual retirement accounts, open on Saturdays, and availability of automatic teller machines had the lowest percentage of being very important. This was true for Great Falls Federal Savings and Loan customers and all respondents.

Tables 3.3A and 3.3B illustrate the responses to question Q6.

TABLE 3.3A
GREAT FALLS FEDERAL SAVINGS AND LOAN CUSTOMERS
RATING OF SERVICES

Services	Very Important	Moderately Important	Slightly Important	Not at all Important	Missing Value
	# / %	# / %	# / %	# / %	# / %
Safety of Deposits	28 (80)	6 (17)	0 (0)	1 (3)	0 (0)
Error Free Service	26 (74)	8 (23)	0 (0)	1 (3)	0 (0)
Location	9 (25)	18 (52)	5 (15)	3 (8)	0 (0)
Ease of making Withdrawals	15 (42)	16 (46)	2 (6)	2 (6)	0 (0)
Premiums	2 (6)	2 (6)	6 (17)	25 (71)	0 (0)
Personal Service	16 (46)	17 (48)	2 (6)	0 (0)	0 (0)
Weekday Hours	11 (31)	17 (48)	5 (15)	2 (6)	0 (0)
Interest Rate on Loans	21 (61)	7 (21)	1 (3)	5 (15)	1 (3)
Convenience	14 (40)	14 (40)	3 (8)	4 (12)	0 (0)
Overdraft Protection	11 (31)	13 (36)	4 (12)	7 (21)	0 (0)
Size of Service Charges	20 (59)	9 (25)	3 (8)	3 (8)	0 (0)
Friendliness of Service	16 (46)	17 (48)	1 (3)	1 (3)	0 (0)
Financial Counseling	8 (23)	14 (40)	4 (12)	9 (25)	0 (0)
Open on Saturdays	4 (12)	7 (21)	10 (29)	13 (38)	1 (3)
Availability of ATMS	5 (14)	8 (23)	9 (25)	13 (38)	0 (0)
Availability of IRA's	8 (23)	10 (27)	4 (12)	13 (38)	0 (0)
Full Line of Services	14 (40)	14 (40)	3 (8)	4 (12)	0 (0)
Fixed Rate on Loans	14 (40)	13 (38)	2 (6)	6 (16)	0 (0)
High Return	21 (61)	8 (23)	6 (16)	0 (0)	0 (0)

Total 35

TABLE 3.3B

RESPONDENTS OTHER THAN GREAT FALLS FEDERAL SAVINGS AND LOAN CUSTOMERS
RATING OF SERVICES

Services	Very	Moderately	Slightly	Not at all	Missing
	Important	Important	Important	Important	Value
	# / %	# / %	# / %	# / %	# / %
Safety of Deposits	168 (73)	35 (15)	14 (6)	9 (4)	3 (2)
Error Free Service	191 (83)	29 (13)	2 (1)	0 (0)	7 (3)
Location	65 (28)	89 (39)	54 (24)	12 (5)	9 (4)
Ease of making					
Withdrawals	144 (63)	64 (27)	12 (5)	3 (2)	6 (3)
Premiums	10 (4)	8 (3)	29 (13)	173 (76)	9 (4)
Personal Service	154 (67)	52 (23)	16 (7)	2 (1)	5 (2)
Weekday Hours	107 (47)	92 (40)	14 (6)	7 (3)	9 (4)
Interest Rate on					
Loans	173 (76)	38 (15)	6 (3)	6 (3)	6 (3)
Convenience	92 (40)	80 (35)	34 (15)	16 (7)	7 (3)
Overdraft					
Protection	108 (48)	67 (29)	32 (14)	12 (5)	10 (4)
Size of Service					
Charges	165 (72)	46 (20)	9 (4)	2 (1)	7 (3)
Friendliness of					
Service	143 (63)	70 (30)	11 (5)	0 (0)	5 (2)
Financial					
Counseling	57 (26)	79 (34)	52 (23)	28 (12)	13 (5)
Open on Saturdays	46 (20)	43 (19)	56 (24)	76 (33)	8 (4)
Availability of					
ATM's	48 (22)	60 (26)	51 (22)	65 (28)	5 (2)
Availability of					
IRA's	32 (14)	59 (26)	55 (24)	73 (32)	10 (4)
Full Line of					
Services	101 (44)	86 (37)	26 (11)	8 (4)	8 (4)
Fixed Rate on					
Loans	115 (50)	69 (30)	21 (9)	11 (5)	13 (6)
High Return	147 (64)	58 (25)	11 (5)	6 (3)	7 (3)

Total 229

Question sixteen asked how much money the respondent had in certificates of deposit. Most of the people answered that they didn't have such deposits. Twenty percent of Great Falls Federal Savings and Loan customers were in the \$50,000.00 or more range. That was the largest percentage for their customers that had deposits. The smallest percentage (2.8%) answered in the less than \$1,000.00. Of the other respondents the largest percentage again answered they did not have such deposits. The largest group of people with these deposits fell in the \$1,000.00 to \$9,999.00 range. Table 3.4 illustrates how much the people surveyed had in certificates of deposits.

TABLE 3.4

MONEY IN CERTIFICATES OF DEPOSIT*

	Not Applicable	Less than \$1,000	\$1,000 to \$9,999	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 or More	Missing Value
Great Falls Federal S&L Customers	10 (29)	1 (2.8)	5 (14)	4 (11.4)	6 (17.1)	7 (20)	2 (5.7)
Other Respondents	147 (64)	13 (5.8)	31 (13.5)	7 (3.2)	14 (6)	4 (1.8)	13 (5.7)
Total Respondents	157 (59)	14 (5.3)	36 (13.7)	11 (4.3)	20 (7.6)	11 (4.3)	15 (5.8)

*() Percentages

Respondents were also asked their balances in personal checking or share draft accounts, and also in their savings accounts not including certificates of deposit. Customers of Great Falls Federal Savings and Loan indicated checking account balances that were very evenly distributed from \$101.00 to \$500.00 or more. Approximately 22.8% of respondents had balances in each of the categories in this range (the category of \$1,001.00 to \$1,500.00 had a slightly smaller response percentage of 17.2%). The range of \$1.00 to \$100.00 had the smallest response. The other respondents were not so evenly distributed. The smallest response was in the \$1,001.00 to \$1,500.00 range. Amounts held in checking or share draft accounts are illustrated in Table 3.5.

TABLE 3.5
BALANCES IN CHECKING OR SHARE DRAFT ACCOUNTS*

	Not Applicable	\$1.00 to \$100	\$101 to \$500	\$502 to \$1,000	\$1,001 to \$1,500	\$1,500 or More	Missing Value
Great Falls Federal S&L Customers	2 (5.8)	1 (2.8)	8 (22.8)	8 (22.8)	6 (17.1)	8 (22.8)	2 (5.8)
Other Respondents	17 (7.4)	33 (14.4)	81 (35.4)	40 (17.5)	13 (5.7)	34 (14.8)	11 (4.8)
Total Respondents	19 (7.2)	34 (12.9)	89 (33.7)	48 (18.2)	19 (7.2)	42 (15.9)	13 (4.9)

*() Percentages

The amount in savings accounts was not as evenly distributed as for checking for Great Falls Federal Savings and Loan customers. The largest portion of their customers (28.5%) stated balances in the \$1,000.00 to \$4,999.00 range. This was closely followed by the \$1.00 to \$999.00 (25.7%) and then the \$10,000.00 to \$19,999.00 (22.8%) range. For the other respondents the largest two categories were the \$1.00 to \$999.00 (37.6%) and the \$1,000.00 to \$4,999.00 (26.2%) range. Table 3.6 illustrates the response to the question concerning savings account balances.

TABLE 3.6

SAVINGS ACCOUNT BALANCES*

	Not Applicable	\$1.00 to \$999	\$1,000 to \$4,999	\$5,000 to \$9,999	\$10,000 to \$19,999	\$20,000 or More	Missing Value
Great Falls Federal S&L Customers	2 (5.7)	9 (25.7)	10 (28.5)	2 (5.7)	8 (22.8)	2 (5.8)	2 (5.8)
Other Respondents	31 (13.5)	86 (37.6)	60 (26.2)	20 (8.7)	8 (3.5)	14 (6.1)	10 (4.4)
Total Respondents	33 (12.5)	95 (36)	70 (26.5)	22 (8.3)	16 (6.1)	16 (6.1)	12 (4.5)

*() Percentages

Of the people that had deposit accounts at Great Falls Savings and Loan 48.6% felt savings and loans would offer the highest rate on savings. Approximately 46% expected credit unions, and 5.7% felt commercial banks would pay the highest rate. Respondents that weren't Great Falls Federal Savings and Loan customers felt a little differently. Credit unions were chosen by 43.8%, savings and loans were picked by 37.6% and banks by 15.4% of the people. Table 3.7 illustrates the above.

TABLE 3.7

PERCEPTIONS OF THE INSTITUTION PAYING HIGHEST RATE ON SAVINGS*

	<u>Commercial Banks</u>	<u>Credit Union</u>	<u>Savings & Loan</u>	<u>Missing Value</u>
Great Falls Federal Savings and Loan Customers	2 (5.7)	16 (45.7)	17 (48.6)	0 0
Other Respondents	36 (15.4)	100 (43.8)	86 (37.6)	7 (3.2)
Total Respondents	38 (14.4)	116 (43.9)	103 (39)	7 (2.7)

*() Percentages

Most of the people surveyed who had deposit accounts lived in the Northeast Area (east of 9th Street and north of 10th Avenue South). The second largest group resided in the Northwest Area (Valley View, Riverview and Lower Southside). The smallest percentage of people surveyed were in the Southwest Area (Country Club, Grande Vista and Belleview).

The largest percentage of Great Falls Federal Savings and Loan customers having deposit accounts lived in the Northeast Area also. The Southwest, Downtown Business Area (east of Missouri River to 9th Street), and Southeast Area (east of 9th Street and south of 10th Avenue South) all had a small percentage of respondents (less than 4%). Table 3.8 illustrates the response by area for deposit account customers.

TABLE 3.8

DISTRIBUTION OF DEPOSIT ACCOUNT CUSTOMERS BY AREA*

	South- west	North- west	Downtown Bus. Dist	South- east	North- east	Missing Value
Great Falls Savings Savings and Loan Customers	2 (5.7)	10 (28.5)	3 (8.5)	3 (8.5)	16 (46)	1 (2.8)
Other Respondents	14 (6.1)	46 (20)	35 (15.3)	29 (13)	103 (46)	0 (0)
Total Respondents	16 6.1	56 (21.2)	38 (14.4)	32 (12.1)	121 (45.8)	1 (.4)

* () Percentages

Of the people surveyed having a loan at a financial institution the largest percentage (45.8%) again were from the Northeast Area. Interestingly the area totals were the very same for people having deposit accounts and loans. Seventeen of these people were customers of Great Falls Federal Savings and Loan. The Northwest and Northeast Areas had the largest percentage (29% each) of respondents. The other areas each had a 12% of the respondents. One respondent did not send back the coded return envelope so the area was unknown. Table 3.9 illustrates the response by area for loan customers.

TABLE 3.9
DISTRIBUTION OF LOAN CUSTOMERS BY AREA*

	South- west	North- West	Downtown Bus. Dist	South- east	North- east	Missing Value
Great Falls Savings Savings and Loan Customers	2 (12)	5 (29)	2 (12)	2 (12)	5 (29)	1 (6)
Other Respondents	14 (6)	51 (21)	36 (15)	30 (12)	116 (46)	0 (0)
Total Respondents	16 (6.1)	56 (21.2)	38 (14.4)	32 (12.1)	121 (45.8)	1 (.4)

*() Percentages

Question number three wanted to know which institution the respondents felt was the safest.

Of the women surveyed 50% felt commercial banks were the safest, then credit unions (32%) and then savings and loans (7%). The men surveyed placed the institutions in the same order. Forty-six point five percent chose banks as the safest, 38.6% chose credit unions, and 7.9% chose savings and loans. The majority of the women chose the same institution, commercial bank, as the safest and the one they prefer to do business with. The men, however, chose a credit union as the one they prefer to do business with and a commercial bank as the safest. Table 3.10 illustrates the respondents choice of the safest institution.

TABLE 3.10
SAFEST INSTITUTION*

	Savings & Loan	Commercial Bank	Credit Union	Other	Missing Value
Females	10 (7)	72 (50)	47 (32)	6 (4)	10 (7)
Males	9 (7.9)	53 (46.5)	44 (38.6)	5 (4.4)	3 (2.6)
Missing Value	1 (20)	2 (40)	1 (20)	0 (0)	1 (20)
Total	20 (7.7)	127 (48)	92 (35)	11 (4)	14 (5.3)

*() Percentages

Question twenty asked for the highest level of education the respondent had completed. Most of Great Falls Federal Savings and Loan customers fell in the high school graduate and some college but no degree range. A small percentage had a graduate degree and no one stated they only had just a grade school education. The majority of other respondents fell in the same range as Great Falls Federal Savings and Loan customers. Table 3.11 illustrates the education level completed by the respondents.

TABLE 3.11

EDUCATION LEVEL BY RESPONDENT*

	Great Falls Federal S & L Customers	Other Respondents	Total
Grade School	0 (0)	6 (2.6)	6 (2.2)
Some high school but didn't graduate	4 (11.4)	16 (6.9)	20 (7.5)
High School graduate	9 (25.7)	70 (30.6)	79 (30)
Some college but didn't graduate	9 (25.7)	72 (31.4)	81 (31)
College degree	6 (17.1)	31 (13.5)	37 (14)
Some graduate work but no graduate degree	4 (11.4)	19 (8.4)	23 (8.7)
A Master's Degree	1 (2.9)	10 (4.4)	11 (4.1)
A Doctorate Degree	1 (2.9)	2 (.9)	3 (1.0)
Missing Value	1 (2.9)	3 (1.3)	4 (1.5)

*() Percentage

Question thirteen asked for peoples perception of current interest rates on fixed rate car loans at financial institutions. As one would expect the majority of people picked rates in the range of 12% to 18%.

The majority of the respondents felt commercial bank interest rates on a car loan would fall in the range of 15% to 18%. The credit union interest rate was felt to fall in the range of 12% to 15%. The interest rate a savings and loan would charge was felt to fall over a little wider range than the first two, 12% to 18%.

The people surveyed perceptions of interest rates were fairly accurate. At the time this survey was done generally interest rates for car loans at financial institutions in Great Falls were in the range of 14% to 16%.

Table 3.12 shows the percentage rates the respondents felt would be charged by financial institutions for a fixed rate car loan.

TABLE 3.12
PERCEPTION OF CURRENT INTEREST RATES

<u>Interest Rate</u>	<u>Commercial Banks</u>	<u>Credit Union</u>	<u>Savings & Loan</u>	<u>Total</u>
*0	55	53	81	189
1	0	1	0	1
2	0	0	0	0
3	0	1	0	1
4	0	0	0	0
5	1	1	1	3
6	1	0	0	1
7	0	3	0	3
8	0	4	1	5
9	1	1	0	2
10	5	8	6	19
11	4	10	5	19
12	14	36	13	63
13	13	37	15	65
14	14	26	26	66
15	56	42	48	146
16	29	17	29	75
17	15	10	12	37
18	37	11	15	63
19	3	1	5	9
20	6	0	2	8
21	3	1	1	5
22	2	0	0	2
23	1	0	0	1
24	1	1	1	3
25	1	0	3	4
26	0	0	0	0
27	1	0	0	1
28	0	0	0	0
29	0	0	0	0
30	1	0	0	1
Means based on those responding	13.71	13.62	15.06	14.78

*0 was for no response

792

An analyses of the respondents showed that 71% were married. Of the respondents that were Great Falls Federal Savings and Loan customers 77% were married. Table 3.13 illustrates the answers to question eighteen, if the respondent was married or single.

TABLE 3.13

RESPONDENT'S MARITAL STATUS

	<u>Married</u>	<u>Single</u>	<u>Missing Value</u>
Great Falls Federal Savings and Loan Customers	27 (77)	7 (20)	1 (3)
Other Respondents	160 (70)	67 (29)	2 (1)
Total Respondents	187 (71)	74 (28)	3 (1)

To get an idea of how aware people were of the passage of the Depository Deregulation Act of 1980, question twelve was asked. Most people (56%) were not sure if this act had affected the financial services they use. Twenty-eight percent felt it had and fourteen percent felt it had not.

Of the people that answered it had affected the services they use, 39% fell into the age group of 35 to 49. Most of the people that felt it had not were in the age groups 20 to 34 and 50 to 64.

The results of question twelve and age distribution can be seen in Table 3.14

TABLE 3.14

FINANCIAL SERVICES AFFECTED BY THE DEPOSITORY DEREGULATION
ACT OF 1980 BY AGE*

	<u>Yes</u>	<u>No</u>	<u>Not Sure</u>	<u>Missing Value</u>
Under 20	1 (1.5)	0 (0)	3 (2)	0 (0)
20 to 34	23 (81)	15 (39)	74 (50)	2 (40)
35 to 49	29 (39)	7 (18)	33 (22)	1 (20)
50 to 64	17 (23)	12 (32)	19 (13)	1 (20)
65 and Older	4 (5.5)	4 (11)	16 (11)	1 (20)
Missing Value	0 (0)	0 (0)	2 (2)	0 (0)
Total Respondents	74 (28)	38 (14.4)	147 (55.6)	5 (2)

* () Percentage

From the response to question five, which asked how important is the interest rate on savings accounts in your choice of institutions, and question eighteen, which asked the marital status of the respondents the following result was received: the majority of people either married or single felt the interest rate was very important in their choice between financial institutions.

Question four asked when you decide to apply for a car loan how important was the interest rate. This question with question seventeen, that asked the sex of the respondent, were analyzed. The results showed that the interest rate is very important to both males and females. Tables 3.15 and 3.16, respectively, summarize the responses to these questions.

TABLE 3.15

INTEREST RATE IMPORTANCE FOR SAVINGS ACCOUNTS
BY MARITAL STATUS*

	Not Applicable	Very Important	Moderately Important	Slightly Important	Not at all Important	Missing Value
Single	2 (3)	40 (54)	26 (35)	3 (4)	2 (3)	1 (1)
Married	5 (2.6)	132 (71)	41 (22)	6 (3)	2 (1)	1 (.4)
Missing Value	0 (0)	3 (100)	0 (0)	0 (0)	0 (0)	0 (0)

*() Percentage

TABLE 3.16

INTEREST RATE IN APPLYING FOR A CAR LOAN
BY SEX OF RESPONDENT*

	<u>Not</u> <u>Applicable</u>	<u>Very</u> <u>Important</u>	<u>Moderately</u> <u>Important</u>	<u>Slightly</u> <u>Important</u>	<u>Not at all</u> <u>Important</u>	<u>Missing</u> <u>Value</u>
Female	11 (7.5)	102 (70)	23 (15.8)	3 (2.1)	2 (1.6)	4 (3)
(3)						
Male	8 (7)	81 (71)	15 (13)	5 (4.5)	4 (3.5)	1 (1)
Missing Value	0 (0)	3 (60)	0 (0)	0 (0)	0 (0)	2 (40)

*() Percentage

Of the single people surveyed that were Great Falls Federal Savings and Loan customers 86% were females and 14% were males. Of the respondents that were not Great Falls Federal customers and that were single, 60% were females and 37% were males. For the married respondents that were Great Falls Federal Savings and Loan customers 44% were female and 56% were males. Of the other respondents (not Great Falls Federal Savings and Loan customers) 54% were female and 45% were males. The results of the above are illustrated in Table 3.17A and 3.17B.

TABLE 3.17A

SINGLE RESPONDENTS BY SEX AND WHETHER OR NOT
GREAT FALLS FEDERAL SAVINGS AND LOAN CUSTOMERS*

	<u>Great Falls Federal Savings & Loan Cust.</u>	<u>Other Respondents</u>	<u>Missing Value</u>
Female	6 (86)	40 (60)	0 (0)
Male	1 (14)	25 (37)	0 (0)
Missing Value	0 (0)	2 (3)	0 (0)

*() percentage

TABLE 3.17B

MARRIED RESPONDENTS BY SEX AND WHETHER OR NOT
GREAT FALLS FEDERAL SAVINGS AND LOAN CUSTOMERS*

	<u>Great Falls Federal avings & Loan Cust.</u>	<u>Other Respondents</u>	<u>Missing Value</u>
Female	12 (44)	86 (54)	0 (0)
Male	15 (56)	73 (45)	0 (0)
Missing Value	0 (0)	1 (1)	0 (0)

The total of 3.17A and 3.17B add up to 262 not 264
respondents as the control variable marital status had two
missing values.

*() percentage

Of the females surveyed 52% chose commercial banks as their primary financial institution, and 40% chose credit unions. The majority of the female respondents were in the 20 to 34 and 35 to 49 age groups.

Credit unions were picked by 48% and commercial banks were picked by 44.7% of the males as their primary institution. The majority of the males surveyed were 20 to 34 years old.

Tables 3.18 and 3.19 show the results of the above analysis.

TABLE 3.18

FEMALE RESPONDENTS BY AGE AND PRIMARY INSTITUTION*

	Under 20	20 to 34	35 to 49	50 to 64	Over 65	Missing Value	Total
Credit Union	1 (50)	35 (52)	16 (39)	4 (18)	2 (15)	0 (0)	58 (40)
Commercial Bank	1 (50)	26 (39)	22 (54)	15 (68)	11 (85)	0 (0)	75 (52)
Savings & Loan	0 (0)	3 (4.5)	0 (0)	3 (14)	0 (0)	0 (0)	6 (4)
Other	0 (0)	1 (1.5)	2 (4.8)	0 (0)	0 (0)	0 (0)	3 (2)
Missing Value	0 (0)	2 (3)	1 (2.2)	0 (0)	0 (0)	0 (0)	3 (2)
Total Respondents	2 (1.5)	67 (46)	41 (28.3)	22 (15.3)	13 (8.9)	0 (0)	145

*() Percentage

TABLE 3.19

MALE RESPONDENTS BY AGE AND PRIMARY INSTITUTION*

	Under 20	20 to 34	35 to 49	50 to 64	Over 65	Missing Value	Total
Credit Union	0 (0)	27 (58)	15 (52)	12 (46)	1 (10)	0 (0)	55 (48)
Commercial Bank	2 (100)	17 (36)	14 (48)	12 (46)	6 (60)	0 (0)	51 (44.7)
Savings & Loan	0 (0)	1 (2)	0 (0)	2 (8)	3 (30)	0 (0)	6 (5.3)
Other	0 (0)	2 (4)	0 (0)	0 (0)	0 (0)	0 (0)	2 (2)
Missing Value	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Total Respondents	2 (1.8)	47 (41.2)	29 (25.4)	26 (22.8)	10 (8.8)	0 (0)	114

*() Percentage

The majority of respondents, regardless of sex, expected credit unions to offer the lowest rate on loans except home mortgage loans. Credit unions were also picked as the institution that they would use for these loans.

For a home mortgage loan respondents expected a savings and loan to offer the lowest rate. This was also the institution they (males and females) would use for this type of loan.

Commercial banks were picked second as offering the lowest rate on new car loans, vacation loans and home appliance loans and as the institution they would probably use for these loans.

The results of the above are illustrated in Tables 3.20 and 3.21.

TABLE 3.20A

INSTITUTION EXPECTED BY FEMALES TO OFFER THE LOWEST RATE
ON A NEW CAR LOAN, VACATION LOAN, HOME APPLIANCE LOAN
AND HOME MORTGAGE LOAN

	<u>Commercial Bank</u>	<u>Credit Union</u>	<u>Savings & Loan</u>	<u>Missing Value</u>
New Car Loan	26 (18)	103 (71)	6 (4)	10 (7)
Vacation Loan	17 (12)	109 (74)	11 (8)	8 (6)
Home Appliance Loan	23 (16)	96 (66)	17 (12)	9 (6)
Home Mortgage Loan	36 (25)	47 (32)	54 (37)	8 (6)

TABLE 3.20B

INSTITUTION EXPECTED BY MALES TO OFFER THE LOWEST RATE
ON A NEW CAR LOAN, VACATION LOAN, HOME APPLIANCE LOAN
AND HOME MORTGAGE LOAN

	<u>Commercial Bank</u>	<u>Credit Union</u>	<u>Savings & Loan</u>	<u>Missing Value</u>
New Car Loan	30 (13)	186 (82)	10 (4)	2 (1)
Vacation Loan	24 (11)	188 (83)	10 (4)	6 (2)
Home Appliance Loan	30 (13)	172 (75)	20 (9)	6 (3)
Home Mortgage Loan	36 (25)	47 (32)	54 (37)	8 (6)

TABLE 3.21A

INSTITUTION MOST LIKELY TO BE USED BY FEMALES
FOR A NEW CAR LOAN, VACATION LOAN, HOME
APPLIANCE LOAN AND A HOME MORTGAGE LOAN

	Commercial Bank	Credit Union	Savings & Loan	Missing Value
New Car Loan	46 (32)	84 (57)	7 (5)	8 (6)
Vacation Loan	36 (25)	85 (59)	12 (8)	12 (8)
Home Appliance Loan	39 (27)	78 (54)	16 (11)	12 (8)
Home Mortgage Loan	50 (34)	36 (25)	51 (35)	8 (6)

TABLE 3.21B

INSTITUTION MOST LIKELY TO BE USED BY MALES FOR
A NEW CAR LOAN, VACATION LOAN, HOME
APPLIANCE LOAN AND HOME MORTGAGE LOAN

	Commercial Bank	Credit Union	Savings & Loan	Missing Value
New Car Loan	35 (31)	73 (64)	6 (5)	0 (0)
Vacation Loan	26 (24)	79 (69)	4 (3)	5 (4)
Home Appliance Loan	29 (25)	70 (61)	10 (9)	5 (5)
Home Mortgage Loan	42 (37)	19 (17)	51 (45)	2 (1)

Men had a larger weighting at the higher income brackets than women. About six times as many men as women were in the highest income group. Seventy-two percent of the people in the lowest income bracket were women. This is probably due to the fact that women only earn approximately two-thirds of the income that men do. The middle income brackets from \$10,000.00 to \$49,999.00 had almost the same percentage of men and women respondents. The income distribution of the respondents is illustrated in Table 3.22.

TABLE 3.22

HOUSEHOLD INCOME BY SEX OF RESPONDENT

	Less Than \$10,000	\$10,000 to \$19,999	\$20,000 to \$34,999	\$35,000 to \$49,999	\$50,000 or More	Missing Value
Females	22 (15)	44 (30)	48 (33)	19 (13)	4 (3)	8 (6)
Males	8 (7)	32 (28)	40 (35)	18 (16)	12 (11)	4 (3)

Of the females in the lowest income bracket 59% were single. Sixty-three percent of the men in the less than \$10,000 bracket were single. The largest group of single people male or female answered in the second income bracket of \$10,000 to \$19,999. Most of the married fell in the income bracket of \$20,000 to \$34,999.

The question on income asked for total household income. It would seem logical for the married people to be in higher

income brackets, due to large amount of two paycheck households today.

Tables 3.23A and 3.23B show income distribution by sex and marital status.

TABLE 3.23A
FEMALES BY INCOME AND MARITAL STATUS*

	Single	Married	Missing Value
Less than \$10,000	13 (59)	8 (36)	1 (5)
\$10,000 to \$19,999	17 (39)	27 (61)	0 (0)
\$20,000 to \$34,999	13 (27)	35 (73)	0 (0)
\$35,000 to \$49,999	1 (5)	18 (95)	0 (0)
\$50,000 or More	0 (0)	4 (100)	0 (0)
Missing Value	2 (25)	6 (75)	0 (0)

*() percentages

TABLE 3.23B

MALES BY INCOME AND MARITAL STATUS*

	Single	Married	Missing Value__
Less than \$10,000	5 (63)	3 (37)	0 (0)
\$10,000 to \$19,999	9 (28)	23 (72)	0 (0)
\$20,000 to \$34,999	8 (20)	32 (80)	0 (0)
\$35,000 to \$49,999	1 (6)	17 (94)	0 (0)
\$50,000 or More	1 (8)	11 (92)	0 (0)
Missing Value	2 (25)	6 (75)	0 (0)

*() percentages

Summary

The financial institution with the largest market share of the deposit customers surveyed was First Bank Great Falls. This bank also had the largest loan customers surveyed.

Of the savings and loan associations (including United Savings Bank) Great Falls Federal Savings and Loan had the largest market share (6.8%) of deposit customers. United Savings Bank had 4.8% and Fidelity Savings and Loan had 2.5%. United Savings Bank had the largest number of loan customers (7.1%) for savings and loan associations. Great Falls Federal Savings and Loan had 5.7% and Fidelity Savings and Loan had 4.4%.

Of the credit unions, Malmstrom Federal Credit Union had the largest number of deposit customers 14% and 13.6% of the loan customers. They also had the second largest market share of all of the institutions.

One noticeable characteristic of Great Falls Federal Savings and Loan customers, is the high importance they place on the safety of their deposits. Of all the services rated this had the highest overall percentage of ratings as very important. Error free service, high return on their investment, and the interest rate on loans is also of great importance to these customers. The least important services to these customers are: premiums, availability of automatic teller machines, to be open on Saturdays, availability of

individual retirement accounts, and financial counseling.

Average checking account balances of Great Falls Federal Savings and Loan customers are spread over a wide range from \$101.00 to \$1,501.00 or more. The amounts they hold in savings accounts are mainly in the ranges of \$1.00 to \$4,999.00 and \$10,000.00 to \$19,999.00. The money they have in certificates of deposit is fairly evenly distributed from \$1,000.00 to \$50,000.00 or more.

Most of Great Falls Federal Savings and Loan customers have a high school degree or have attended some college classes. Seventy-seven percent of their customers surveyed are married. Of these people 44% are female and 56% are male. Of the single respondents that are Great Falls Federal Savings and Loan customers 86% are female and 14% are male.

The Great Falls Federal Savings and Loan customers with deposit accounts live mainly in the Northeast Area of town. The Northwest Area has the second largest group of their deposit customers. Both of these areas have branch offices in them. Only 8.5% of their deposit customers live in the area around their main office. This is understandable as this area is mainly a business area not a residential area.

The Northeast and Northwest Areas have the largest concentration of Great Falls Federal's loan customers. The Downtown Business Area again has a smaller portion of loan

customers than the areas around the branch offices.

In general male respondents prefer credit unions and females prefer commercial banks as their financial institution. Commercial banks are viewed as the safest financial institution by both males and females.

Credit unions are the primary financial institution for 48% of the males surveyed and commercial banks are for 52% of the females surveyed.

Overall the respondents feel credit unions will have the lowest rate on new car loans, vacation loans, and home appliance loans. Savings and loans are expected to have the lowest rate on home mortgage loans. The respondents also stated they would go to the institution that offers the lowest rate on loans. The majority of the males and females surveyed have yearly gross incomes of \$10,000.00 to \$34,999.00.

CHAPTER IV

Conclusions and Marketing Implications

Error free service was rated as very important by 83% of the respondents. Other services rated as very important were: safety of deposits, interest rate on loans, and size of service charges. A financial institution may want to stress their positive points in these areas in their advertising messages.

The services respondents did not feel were very important were: premiums, availability of individual retirement accounts, availability of automatic teller machines, and open on Saturdays.

Eighteen financial institutions were listed in the survey. Banks had 43.5% of the deposit account customers, 37% of the customers had deposit accounts at credit unions, and 14.1% had deposit accounts at savings and loans.

Of the loan customers 33.8% had accounts at credit unions, 33.7% had accounts at commercial banks, and 17.2% had accounts at savings and loans. Savings and loans may want to be more aggressive in the smaller loans as they have traditionally not sought this segment of the market.

Credit unions were the preferred institution by 48.3% of the males and commercial banks were preferred by 52% of the females. Savings and loan associations were preferred by 5.3% of the males and 4% of the females. Credit unions

should gear their marketing towards females to increase the amount of female customers. They could do this by using more women in their advertising, finding out services women look for in institutions and emphasize those services in their marketing program. Likewise commercial banks may want to look at services the men value and emphasize those in their advertising. Savings and loan customers were fairly evenly distributed between males and females. They may not want to gear their marketing towards either sex.

Savings and loan associations had the lowest percentage of people that felt they were the safest institution. The safeness of deposits at savings and loan associations should be stressed in their advertising. Credit unions had a higher percentage than savings and loans of people that felt they were the safest. Commercial banks had the highest percentage of people that felt they were the safest. Credit unions and commercial banks should continue to stress the safeness of their institutions.

The largest percentage of credit union respondents, males and females, were in the age group of 20 to 34. Commercial banks also drew the largest percentage of customers from the 20 to 34 age group. The savings and loan drew the largest number of females from the age groups 20 to 34 and 50 to 64. The largest number of male savings and loan customers were in the age group of over 65.

Advertising should be concentrated on the age groups

the institutions were the weakest in, such as over 65 age group, if they want to increase the amount of deposit customers. They may want to concentrate on the age group of 20 to 34 for loan customers. These people are generally young families that have a great demand for loans.

Savings and loan associations were expected by respondents to offer the lowest rate on home mortgage loans. They may want to stress their ability to offer other types of loans and the rates on these loans. Credit unions were expected to offer the lowest rates on new car loans, vacation loans, and home appliance loans. They may want to stress their ability to offer home mortgage loans and the rates they charge on them. Commercial banks were picked second to credit unions and savings and loans as offering the lowest rates on loans. They should gear their advertising to inform the public of their rates on loans.

The same institutions that were expected to offer the lowest rates on loans were also the institutions people stated they would use for these institutions.

Of the people surveyed 44% were males and 56% were females. This is a different distribution of males and females than in Cascade County where 49.9% are females and 50.1% are males. A + - test to evaluate the reliability that the sample data was statistically the same as the population was done on the survey results. It showed the sample was not statistically the same as the population.

The sample data yielded a $1.98 + -$ statistic while the $+ -$ table yields a 1.96. So we would have to reject the hypothesis that the sample data is the same as the population in sex.

The largest number (33%) of people in Cascade County fall in the income group of \$10,000 to \$19,999. Of the people surveyed the largest percentage 36% fell into the income range of \$20,000 to \$34,999. The smallest group of people fell in the over \$50,000 bracket for the survey (7%) and for the census data (3%).

The largest group of people in Cascade County fall in the under 20 group. This, of course, is not true for the survey as it was specified that an adult over 18 years of age was to respond to the survey. The age group of 20 to 34 has the next largest number (40%) of people in Cascade County. This was the largest group of people that responded to the survey (44%).

The smallest number of people are in the age group of over 65 (15%), in Cascade County. The over 65 was the second smallest group (10%) after the under 20 of the people surveyed. Chi-squared tests were performed on the age and income data in the survey. It was found that the sample is statistically the same as the population in age but not in income. The sample data had a higher percentage of respondents in the higher income brackets than the population as a whole had.

Some of the people that had comments on financial institutions in Great Falls were satisfied with their institution. For the most part, however, comments were made indicating people felt financial institutions are: unfriendly, cold, hard to deal with, only interested in people who don't have financial troubles, and not interested in small accounts. For instance one comment was: Banks charge unrealistically and have no feelings for the consumer--only interested in dollars not service.

As a whole the comments did not make financial institutions look very good in the eyes of the consumer. It may be hard to change consumer's opinions but it would be worth it.

Credit unions and savings and loans were looked upon more favorably than banks by the people responding. Often it was mentioned that the respondent had recently changed to a credit union or may in the near future change his "banking" to a credit union or savings and loan.

The idea that people perceive credit unions and savings and loans as friendlier and easier to deal with maybe a point an institution might want to stress in its advertising.

In Appendix B a representative sample of these comments are listed under question 22.

BIBLIOGRAPHY

Books

- Aaker, David A. Marketing Research. New York: Wiley, 1980-83.
- Dillman, Don A. Mail and Telephone Survey: A Total Design Method. New York: Wiley, 1978.
- Dublin, Jack. Credit Unions: Theory and Practice. Detroit: Wayne State University, 1966.
- Johnson, Ivan C., and Roberts, William W. Money and Financial Institutions. New York: Dryden Press, 1982.
- Ritter, Lawrence S., and Silber, William L. Principles of Money and Banking and Financial Markets. New York: Basic Books, 1970.
- Simpson, Thomas D. Money, Banking and Economic Analysis, 2nd Edition. Englewood Cliffs, New Jersey: Prentice-Hall, 1981.
- Van Horne, James C. Fundamentals of Financial Management, 4th Edition. Englewood Cliffs, New Jersey: Prentice-Hall, 1977.

Articles

- DeStefano, Micheal. "Savings and Loans Benefit from Employing Fundamentals." Standard and Poor's Industry Surveys (May 1983) : pp. B1-B5.
- Flanagan, William G., and Banford, Janet B. "A Buyers Guide to the Financial Supermarkets." Forbes (August 1983) : pp 144-147.
- Greene, Richard. "Savings and Loans in the Candy Store." Forbes (June 1983) : p. 44.
- Kern, Tom. "Credit Unions Packing New Financial Punch." Tribune (July 1983) : Section E : p. 1.
- Lynch, Mitchell. "The Future of Small Banks." Northwest Orient (June 1983) : p. 66.

BIBLIOGRAPHY (CONTINUED)

- Peterman, Sam. "Bank Stock Prices and the Effects of Regulation on the Banking Structure." Journal of Business (October 1968) : pp. 413-30.
- Salamon, Julie. "Some Bankers, Ignoring the Trend, Tout Services for Small Customers." Tribune (April 1983) : Section 2 : p. 1.
- Scherschel, Patricia M. "Savings and Loans are Back in the Black." U. S. News and World Report (December 1983) : p. 77.
- Scherschel, Patricia M. "Savings Roundup." Money (November 1983) : p. 47.
- "A Banking bill May Break a Pattern." Nations Business (September 1983) : p. 24.
- "Banking Provisions of New Bill." Bankers News Weekly (October 1983) : p. 5.
- "It May be Too Late to Stop the 'Non-Bank' Banks." Business Week (July 1983) : p. 73.
- "States Rights." Forbes (May 1983) : p. 36.
- "The Battle Heats up for Investor Dollars." U. S. News and World Report (December 1983/January 1984) : p. 102

Reports

- Arnold, Doyle L. Banking Issuance: Comptroller of the Currency Administrator of National Banks. Minneapolis: Federal Reserve Bank of Minneapolis [1983].
- Gaffey, Roger. After Deregulation: The Regulation Role of the Federal Reserve. Kansas City: Federal Reserve Bank of Kansas City [1983].
- Lowrie, Jerry. Results of June 30, DIDC Meeting. South Dakota Bankers Association [1983].

APPENDIX A

PHONE CALL SCRIPT

TRACKING SHEET

COVER LETTER

QUESTIONNAIRE WITH QUESTION CODES

QUESTIONNAIRE BOOKLET

FOLLOW-UP POSTCARD

TELEPHONE SCRIPT

Hello. My name is _____ calling for Associated Research Analysts, a Great Falls market research firm.

May I speak to the adult (18 or older) member of your household who is present and has the next birthday. (Statistically this helps to make the sample both representative and random.)

(If another person gets on the phone)

(Hello. This is _____ calling for Associated Research Analysts, a Great Falls market research firm.)

May I ask you your name? We are conducting a survey concerning people's attitudes about financial institutions in the Great Falls area. We would like to mail you a confidential questionnaire that will take about 7 minutes to complete and return to us in a prepaid envelope. Can we count on your cooperation in this important survey?

(No - terminate politely such as: Thank you for your time, goodbye.)

(Yes - take name and address on tracking form, and repeat name and address back to insure you have it spelled correctly.)

Thank you very much. Your questionnaire will be mailed tomorrow. Please return it promptly. Your opinion does count.

TRACKING FORM

CALLER NAME _____

PHONE NUMBER -----

1ST ATTEMPT DATE _____ TIME _____

RESULT _____

2ND ATTEMPT DATE _____ TIME _____

RESULT _____

3RD ATTEMPT DATE _____ TIME _____

RESULT _____

RESPONDENT NAME _____

ADDRESS _____

DATE QUESTIONNAIRE MAILED _____

DATE POSTCARD MAILED _____

Associated Research Analysts

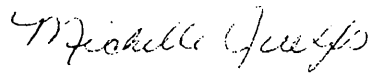
P.O. Box 2062 • Great Falls, MT 59403
(406) 453-7081

Dear Survey Participant:

We appreciate your expression of willingness to participate in this important study. The questionnaire booklet that is enclosed has been carefully designed to be easy for you to complete in a timely fashion. Please be careful to answer all parts of every question since your response is important. Only a small fraction of people in the Great Falls area have been selected to participate. For the results to be useful and representative it is important for you to return the completed questionnaire in the enclosed envelope as soon as possible. Your opinion does count.

All information in the individual questionnaires will be strictly confidential. Thank you again for taking a few minutes of your time to share your opinions with us.

Sincerely,



Michelle Juelfs
Project Director

**A Survey of Consumer Attitudes
About Financial Institutions
in Great Falls, Montana**

Associated Research Analysts

P. O. Box 2062

Great Falls, MT 59403

Q1. Which type of financial institution do you generally prefer to do your personal business with? (Circle only one)

- 1 COMMERCIAL BANK
- 2 CREDIT UNION
- 3 SAVINGS AND LOAN
- 4 OTHER (please specify) _____

Q2. Which type of institution do you think of as your primary financial institution? (Circle only one)

- 1 CREDIT UNION
- 2 COMMERCIAL BANK
- 3 SAVINGS AND LOAN
- 4 OTHER (please specify) _____

Q3. Overall, which type of financial institution do you think is the safest? (Circle only one)

- 1 SAVINGS AND LOAN
- 2 COMMERCIAL BANK
- 3 CREDIT UNION
- 4 OTHER (please specify) _____

Q4. How important is the interest rate to you when you decide to apply for a car loan? (Circle only one)

- 1 NOT APPLICABLE
- 2 VERY IMPORTANT
- 3 MODERATELY IMPORTANT
- 4 SLIGHTLY IMPORTANT
- 5 NOT AT ALL IMPORTANT

Q5. For a savings account, how important is the interest rate in your choice between financial institutions? (Circle only one)

- 1 NOT APPLICABLE
- 2 VERY IMPORTANT
- 3 MODERATELY IMPORTANT
- 4 SLIGHTLY IMPORTANT
- 5 NOT AT ALL IMPORTANT

- Q6 Please rate each of the following according to their importance to you in the selection of a financial institution. (Check the appropriate box for each category)

CATEGORY	VERY IMPORTANT	MODERATELY IMPORTANT	SLIGHTLY IMPORTANT	NOT AT ALL IMPORTANT
SAFETY OF DEPOSITS				
ERROR FREE SERVICE				
LOCATION				
EASE OF MAKING WITHDRAWALS				
PREMIUMS (such as offering a toaster for depositing money)				
PERSONAL SERVICE				
WEEKDAY HOURS				
INTEREST RATE ON LOANS				
CONVENIENCE (drive-up window, etc.)				
OVERDRAFT PROTECTION				
SIZE OF SERVICE CHARGES				
FRIENDLINESS OF SERVICE				
FINANCIAL COUNSELING				
OPEN ON SATURDAYS				
AVAILABILITY OF ATMs (such as: Fast Bank or Instant Cash)				
AVAILABILITY OF IRA ACCOUNT (Individual Retirement Account)				
FULL LINE OF SERVICES				
FIXED RATE ON LOANS				
HIGH RETURN				

- Q7 Please indicate which of the following financial institutions you would expect to offer the lowest interest rate on the types of loans listed. (Check the appropriate box for each category)

CATEGORY	COMMERCIAL BANK	CREDIT UNION	SAVINGS AND LOAN
NEW CAR LOAN			
VACATION LOAN			
HOME APPLIANCE LOAN			
HOME MORTGAGE LOAN			

- Q8 Please indicate which of the following financial institutions you would be most likely to use for each of the items listed. (Check the appropriate box for each category)

CATEGORY	COMMERCIAL BANK	CREDIT UNION	SAVINGS AND LOAN
NEW CAR LOAN			
VACATION LOAN			
HOME APPLIANCE LOAN			
HOME MORTGAGE LOAN			

Q9 Which type of financial institution would you expect to offer the highest interest rate on savings? (Circle only one)

- 1 COMMERCIAL BANK
- 2 CREDIT UNION
- 3 SAVINGS AND LOAN

Q10 Please indicate the financial institutions at which you currently have a deposit account (such as savings, checking, certificate of deposit, etc.): (Circle all that apply)

- 1 CENTRAL BANK OF MONTANA
- 2 CISCOSTA FEDERAL CREDIT UNION
- 3 DEACONESS FEDERAL CREDIT UNION
- 4 EASTSIDE BANK OF MONTANA
- 5 FIDELITY SAVINGS AND LOAN
- 6 FIRST BANK GREAT FALLS
- 7 FIRST BANK WEST GREAT FALLS
- 8 FIRST INTERSTATE BANK OF GREAT FALLS
- 9 G F G E FEDERAL CREDIT UNION
- 10 GOLDEN TRIANGLE FEDERAL CREDIT UNION
- 11 GREAT FALLS FEDERAL SAVINGS AND LOAN
- 12 GREAT FALLS TEACHERS FEDERAL CREDIT UNION
- 13 MALMSTROM FEDERAL CREDIT UNION
- 14 MONTANA FEDERAL CREDIT UNION
- 15 NORWEST BANK GREAT FALLS
- 16 RIVERVIEW FEDERAL CREDIT UNION
- 17 UNITED SAVINGS BANK
- 18 VILLAGE BANK
- 19 OTHER (please specify) _____

Q11 Please indicate the financial institutions at which you currently have a loan of some type (for example: car loan, mortgage, personal loan, etc.): (Circle all that apply)

- 1 CENTRAL BANK OF MONTANA
- 2 CISCOSTA FEDERAL CREDIT UNION
- 3 DEACONESS FEDERAL CREDIT UNION
- 4 EASTSIDE BANK OF MONTANA
- 5 FIDELITY SAVINGS AND LOAN
- 6 FIRST BANK GREAT FALLS
- 7 FIRST BANK WEST GREAT FALLS
- 8 FIRST INTERSTATE BANK OF GREAT FALLS
- 9 G F G E FEDERAL CREDIT UNION
- 10 GOLDEN TRIANGLE FEDERAL CREDIT UNION
- 11 GREAT FALLS FEDERAL SAVINGS AND LOAN
- 12 GREAT FALLS TEACHERS FEDERAL CREDIT UNION
- 13 MALMSTROM FEDERAL CREDIT UNION
- 14 MONTANA FEDERAL CREDIT UNION
- 15 NORWEST BANK GREAT FALLS
- 16 RIVERVIEW FEDERAL CREDIT UNION
- 17 UNITED SAVINGS BANK
- 18 VILLAGE BANK
- 19 OTHER (please specify) _____

Q12 In 1980 the Depository Deregulation Act was passed. Do you think passage of this act has affected the financial services you can obtain from your primary financial institution? (Circle only one)

- 1 YES
- 2 NO
- 3 NOT SURE

Q13 We are also interested in your perception of current interest rates. If you were to apply for a fixed rate new car loan (to be paid over 36 months), please indicate the annual percentage rate of interest you think would be charged at the following types of institutions:

COMMERCIAL BANK	_____ %
CREDIT UNION	_____ %
SAVINGS AND LOAN	_____ %

Q14 Which of the following best represents your total current balance in your personal checking or share draft type of accounts: (Circle only one)

- 1 NOT APPLICABLE
- 2 \$1 TO \$100
- 3 \$101 TO \$500
- 4 \$501 TO \$1,000
- 5 \$1,001 TO \$1,500
- 6 \$1,501 OR MORE

Q15 How much money do you currently have in all of your savings accounts not including certificates of deposit? (Circle only one)

- 1 NOT APPLICABLE
- 2 \$1 TO \$999
- 3 \$1,000 TO \$4,999
- 4 \$5,000 TO \$9,999
- 5 \$10,000 TO \$19,999
- 6 \$20,000 OR MORE

Q16 How much money do you currently have in certificates of deposit? (Circle only one)

- 1 NOT APPLICABLE
- 2 LESS THAN \$1,000
- 3 \$1,000 TO \$9,999
- 4 \$10,000 TO \$19,999
- 5 \$20,000 TO \$49,999
- 6 \$50,000 OR MORE

Q17 Which of the following is correct for you? (Circle only one)

- 1 FEMALE
- 2 MALE

Q18 Are you: (Circle only one)

- 1 SINGLE
- 2 MARRIED

Q19 Into which age group do you fall? (Circle only one)

- 1 UNDER 20
- 2 20 TO 34
- 3 35 TO 49
- 4 50 TO 64
- 5 65 AND OVER

Q20 Please circle the number that best represents your highest level of education completed. (Circle only one)

- 1 GRADE SCHOOL
- 2 SOME HIGH SCHOOL BUT DID NOT GRADUATE
- 3 HIGH SCHOOL GRADUATE
- 4 SOME COLLEGE BUT DID NOT GRADUATE
- 5 COLLEGE DEGREE
- 6 SOME GRADUATE COURSE WORK BUT NO GRADUATE DEGREE
- 7 A MASTER'S DEGREE
- 8 A DOCTORATE

Q21 Please indicate the interval that best represents the total gross (before tax) yearly income for your household: (Circle only one)

- 1 LESS THAN \$10,000
- 2 \$10,000 TO \$19,999
- 3 \$20,000 TO \$34,999
- 4 \$35,000 TO \$49,999
- 5 \$50,000 OR MORE

22 Please share with us any comments you may have concerning financial institutions in Great Falls.

**A Survey of Consumer Attitudes
About Financial Institutions
in Great Falls, Montana**

Associated Research Analysts

P. O. Box 2062
Great Falls, MT 59403

Q1 Which type of financial institution do you generally prefer to do your personal business with? (Circle only one)

- 1 COMMERCIAL BANK
- 2 CREDIT UNION
- 3 SAVINGS AND LOAN
- 4 OTHER (please specify) _____

Q2 Which type of institution do you think of as your primary financial institution? (Circle only one)

- 1 CREDIT UNION
- 2 COMMERCIAL BANK
- 3 SAVINGS AND LOAN
- 4 OTHER (please specify) _____

Q3 Overall, which type of financial institution do you think is the safest? (Circle only one)

- 1 SAVINGS AND LOAN
- 2 COMMERCIAL BANK
- 3 CREDIT UNION
- 4 OTHER (please specify) _____

Q4 How important is the interest rate to you when you decide to apply for a car loan? (Circle only one)

- 1 NOT APPLICABLE
- 2 VERY IMPORTANT
- 3 MODERATELY IMPORTANT
- 4 SLIGHTLY IMPORTANT
- 5 NOT AT ALL IMPORTANT

Q5 For a savings account, how important is the interest rate in your choice between financial institutions? (Circle only one)

- 1 NOT APPLICABLE
- 2 VERY IMPORTANT
- 3 MODERATELY IMPORTANT
- 4 SLIGHTLY IMPORTANT
- 5 NOT AT ALL IMPORTANT

- Q6 Please rate each of the following according to their importance to you in the selection of a financial institution. (Check the appropriate box for each category)

CATEGORY	VERY IMPORTANT	MODERATELY IMPORTANT	SLIGHTLY IMPORTANT	NOT AT ALL IMPORTANT
SAFETY OF DEPOSITS				
ERROR FREE SERVICE				
LOCATION				
EASE OF MAKING WITHDRAWALS				
PREMIUMS (such as offering a toaster for depositing money)				
PERSONAL SERVICE				
WEEKDAY HOURS				
INTEREST RATE ON LOANS				
CONVENIENCE (drive-up window, etc.)				
OVERDRAFT PROTECTION				
SIZE OF SERVICE CHARGES				
FRIENDLINESS OF SERVICE				
FINANCIAL COUNSELING				
OPEN ON SATURDAYS				
AVAILABILITY OF ATMs (such as: Fast Bank or Instant Cash)				
AVAILABILITY OF IRA ACCOUNT (Individual Retirement Account)				
FULL LINE OF SERVICES				
FIXED RATE ON LOANS				
HIGH RETURN				

- Q7 Please indicate which of the following financial institutions you would expect to offer the lowest interest rate on the types of loans listed. (Check the appropriate box for each category)

CATEGORY	COMMERCIAL BANK	CREDIT UNION	SAVINGS AND LOAN
NEW CAR LOAN			
VACATION LOAN			
HOME APPLIANCE LOAN			
HOME MORTGAGE LOAN			

- Q8 Please indicate which of the following financial institutions you would be most likely to use for each of the items listed. (Check the appropriate box for each category)

CATEGORY	COMMERCIAL BANK	CREDIT UNION	SAVINGS AND LOAN
NEW CAR LOAN			
VACATION LOAN			
HOME APPLIANCE LOAN			
HOME MORTGAGE LOAN			

Q9 Which type of financial institution would you expect to offer the highest interest rate on savings? (Circle only one)

- 1 COMMERCIAL BANK
- 2 CREDIT UNION
- 3 SAVINGS AND LOAN

Q10 Please indicate the financial institutions at which you currently have a deposit account (such as savings, checking, certificate of deposit, etc.): (Circle all that apply)

- 1 CENTRAL BANK OF MONTANA
- 2 CISCOSTA FEDERAL CREDIT UNION
- 3 DEACONESS FEDERAL CREDIT UNION
- 4 EASTSIDE BANK OF MONTANA
- 5 FIDELITY SAVINGS AND LOAN
- 6 FIRST BANK GREAT FALLS
- 7 FIRST BANK WEST GREAT FALLS
- 8 FIRST INTERSTATE BANK OF GREAT FALLS
- 9 G F G E FEDERAL CREDIT UNION
- 10 GOLDEN TRIANGLE FEDERAL CREDIT UNION
- 11 GREAT FALLS FEDERAL SAVINGS AND LOAN
- 12 GREAT FALLS TEACHERS FEDERAL CREDIT UNION
- 13 MALMSTROM FEDERAL CREDIT UNION
- 14 MONTANA FEDERAL CREDIT UNION
- 15 NORWEST BANK GREAT FALLS
- 16 RIVERVIEW FEDERAL CREDIT UNION
- 17 UNITED SAVINGS BANK
- 18 VILLAGE BANK
- 19 OTHER (please specify) _____

Q11 Please indicate the financial institutions at which you currently have a loan of some type (for example: car loan, mortgage, personal loan, etc.): (Circle all that apply)

- 1 CENTRAL BANK OF MONTANA
- 2 CISCOSTA FEDERAL CREDIT UNION
- 3 DEACONESS FEDERAL CREDIT UNION
- 4 EASTSIDE BANK OF MONTANA
- 5 FIDELITY SAVINGS AND LOAN
- 6 FIRST BANK GREAT FALLS
- 7 FIRST BANK WEST GREAT FALLS
- 8 FIRST INTERSTATE BANK OF GREAT FALLS
- 9 G F G E FEDERAL CREDIT UNION
- 10 GOLDEN TRIANGLE FEDERAL CREDIT UNION
- 11 GREAT FALLS FEDERAL SAVINGS AND LOAN
- 12 GREAT FALLS TEACHERS FEDERAL CREDIT UNION
- 13 MALMSTROM FEDERAL CREDIT UNION
- 14 MONTANA FEDERAL CREDIT UNION
- 15 NORWEST BANK GREAT FALLS
- 16 RIVERVIEW FEDERAL CREDIT UNION
- 17 UNITED SAVINGS BANK
- 18 VILLAGE BANK
- 19 OTHER (please specify) _____

Q12 In 1980 the Depository Deregulation Act was passed. Do you think passage of this act has affected the financial services you can obtain from your primary financial institution? (Circle only one)

- 1 YES
- 2 NO
- 3 NOT SURE

Q13 We are also interested in your perception of current interest rates. If you were to apply for a fixed rate new car loan (to be paid over 36 months), please indicate the annual percentage rate of interest you think would be charged at the following types of institutions:

COMMERCIAL BANK	_____ %
CREDIT UNION	_____ %
SAVINGS AND LOAN	_____ %

Q14 Which of the following best represents your total current balance in your personal checking or share draft type of accounts: (Circle only one)

- 1 NOT APPLICABLE
- 2 \$1 TO \$100
- 3 \$101 TO \$500
- 4 \$501 TO \$1,000
- 5 \$1,001 TO \$1,500
- 6 \$1,501 OR MORE

Q15 How much money do you currently have in all of your savings accounts not including certificates of deposit? (Circle only one)

- 1 NOT APPLICABLE
- 2 \$1 TO \$999
- 3 \$1,000 TO \$4,999
- 4 \$5,000 TO \$9,999
- 5 \$10,000 TO \$19,999
- 6 \$20,000 OR MORE

Q16 How much money do you currently have in certificates of deposit? (Circle only one)

- 1 NOT APPLICABLE
- 2 LESS THAN \$1,000
- 3 \$1,000 TO \$9,999
- 4 \$10,000 TO \$19,999
- 5 \$20,000 TO \$49,999
- 6 \$50,000 OR MORE

Q17 Which of the following is correct for you? (Circle only one)

- 1 FEMALE
- 2 MALE

Q18 Are you: (Circle only one)

- 1 SINGLE
- 2 MARRIED

Q19 Into which age group do you fall? (Circle only one)

- 1 UNDER 20
- 2 20 TO 34
- 3 35 TO 49
- 4 50 TO 64
- 5 65 AND OVER

Q20 Please circle the number that best represents your highest level of education completed. (Circle only one)

- 1 GRADE SCHOOL
- 2 SOME HIGH SCHOOL BUT DID NOT GRADUATE
- 3 HIGH SCHOOL GRADUATE
- 4 SOME COLLEGE BUT DID NOT GRADUATE
- 5 COLLEGE DEGREE
- 6 SOME GRADUATE COURSE WORK BUT NO GRADUATE DEGREE
- 7 A MASTER'S DEGREE
- 8 A DOCTORATE

Q21 Please indicate the interval that best represents the total gross (before tax) yearly income for your household: (Circle only one)

- 1 LESS THAN \$10,000
- 2 \$10,000 TO \$19,999
- 3 \$20,000 TO \$34,999
- 4 \$35,000 TO \$49,999
- 5 \$50,000 OR MORE

Q22 Please share with us any comments you may have concerning financial institutions in Great Falls.

POSTCARD

A few days ago you received a questionnaire concerning consumer attitudes about financial institutions in Great Falls. If you have not yet completed the questionnaire and mailed it back to us please do so today. If you have done so we thank you for your cooperation. Your opinion really is important.

Michelle Juelfs
Associated Research Analysts

APPENDIX B

A SAMPLE OF THE COMMENTS WRITTEN ON THE SURVEY
ABOUT FINANCIAL INSTITUTIONS

Included here is a representative sample of 10% of the comments received concerning financial institutions. The comments are reproduced here exactly as written on the survey including misspellings punctuation and gramatical errors.

1. Financial institutions generally including those in Great Falls have so many ways and programs to handle investment and or savings money that it has become very difficult to decide which one or ones to emply. They should be more aggressive in hepling investors decide how to handle their money. Without this help, money tends to flow to investment oppurtunities and investment management companies located elsewhere.
2. I don't consider financial institutions as a money making machine. I think of them as a service institution. I believe they are there to handle or protect my money, and if this service can't be provided with a smile, then I would change banks until I found one that did.
3. Great Falls financial institutions with whom I have been connected have been highly competitive and have sought to give good service.
4. I'm not totally pleased with my credit union, but I've had too many problems with commercial banks. They are too expensive just to be a member of a bank. My credit union closes too early and should be open on Saturdays (at least for a few hours).
5. Lower interest rates and minimum balance checking accounts should be more plentiful.
6. I would like some institutions to offer more attractive packages for checking accounts, i.e.: no service charge for the use of money deposited.
7. Service charges for checking accounts at banks are too high. Although I haven't yet done so, many of my friends have moved their checking accounts to credit unions.

8. I think a bank, credit union, or savings and loan are fine for checking accounts and very small savings accounts attached to checking accounts. Also they are great for a loan. But money markets are much better for longer term money and to accumulate money for other investments.
9. Banks charge unrealistically and have no feelings for the consumer only interested in dollars and not service. I feel they are too conservative and don't really care about the growth of Great Falls. I personally know people who have had to go out of town to obtain a loan and with no haste. I'll do as little as I can in dealing with the banks. I really don't want any dealings with an institution that charges me to make deposits or charges on savings accounts because they are too small. What are they in business for? Not for the benefit of the people.
10. I think Great Falls has a great variety of financial institutions from which to choose, however, I feel interest rates should be lowered. This would encourage more young people to build homes, which would be a shot in the arm for the economy of Great Falls. I also feel every effort should be made to allow industry to come here.
11. I have banked at two large commercial banks before switching all my services except a home loan to a credit union, and am very pleased with this change. The minimum balance is one reason I switched my checking, \$100 to \$200 minimum balances is just another way the bank makes money. How can a credit union get by without having this? I also like the smallness, personalized service at a credit union. I feel more like just a number at the large banks.
12. I think financial institutions do a fine service for the community.
13. (Financial institutions) need a little more of the personal touch.
14. Lending institutions seem to be more interested in helping themselves than you. Information about home loans and requirements vary from bank to bank. Shopping for rates on home loans is not only important in itself but understanding between the bank or the client is a must.

15. I personally feel banks in Great Falls have way too high of interest for the average person to pay on a loan. The credit union and savings and loan are serving the needs of the people better and making more money available to people. We have money problems dealing with our regular bank and none with the other two institutions.
16. The financial institutions in Great Falls are too conservative. They are not concerned with the lowest possible interest rates to their customers and do very little for the growth of Great Falls. It bothers me to see money poured into the building and facilities rather than dropping the loan rate or raising the savings return to their customers.
17. As a whole credit unions are much nicer and accommodating to one person or persons than a commercial bank. We (husband and I) deal with both commercial banks and credit unions and we both feel credit unions are the way to go. But the commercial banks supply the banking house for the credit union. If they (commercial banks) were to add the personal touches to their operations I am sure it would bring people back to them.
18. Service charges to checking accounts for organizations that are non-profit for accounts less than \$300 shouldn't be done. Same with service charges at credit unions for children's accounts that fall below the minimum, or are not really active. Many children don't make much and it takes a long time to build up over the minimum required.
19. Most don't care about customers and the rates are too high on service charges; interest rates are too high; and they are concerned with themselves not the customer.
20. Most commercial banks require a minimum deposit and the service charges are too high. I believe they would strictly like to have business accounts. I've dealt with a bank that makes too many errors. More credit unions need to be open on Saturdays to give the commercial banks a run for their business.
21. After the first of the year I am changing from the bank I use to a savings and loan or credit union. I've had a lot of trouble with my bank.
22. The commercial banks are not as customer oriented as they used to be. Credit unions are much easier to do business with.

23. There is a lack of friendly service at financial institutions.
24. I have noticed that financial institution officers are a lot less friendly than they were in the past. This seems to be true of the one I have been in contact with.
25. So far I have been very satisfied with the financial institutions I deal with. My business is divided equally between commercial banks and savings and loans.
26. I banked with a major bank here in Great Falls for about 10 years. I changed to my credit union completely 4 years ago. I have had a checking account and loans through the credit union for over 15 years. I find the credit union cheaper for me (no service charge) and much more personal. I believe loan interest rates at credit unions are as good, or better, than large banks.

APPENDIX C

SIMPLE TABULATIONS OF RESULTS
BY QUESTION NUMBER

1.	Q1	1 = 116	2 = 128	3 = 15	4 = 2	MV = 3
2.	Q2	1 = 114	2 = 128	3 = 14	4 = 5	MV = 3
3.	Q3	1 = 20	2 = 127	3 = 92	4 = 11	MV = 14
4.	Q4	1 = 19 MV = 7	2 = 186	3 = 38	4 = 9	5 = 6
5.	Q5	1 = 7 MV = 2	2 = 175	3 = 67	4 = 9	5 = 4
6.	Q6A	1 = 196	2 = 41	3 = 14	4 = 10	MV = 3
	Q6B	1 = 217	2 = 37	3 = 2	4 = 1	MV = 7
	Q6C	1 = 74	2 = 107	3 = 59	4 = 15	MV = 9
	Q6D	1 = 159	2 = 80	3 = 14	4 = 5	MV = 6
	Q6E	1 = 12	2 = 10	3 = 35	4 = 198	MV = 9
	Q6F	1 = 170	2 = 69	3 = 18	4 = 2	MV = 5
	Q6G	1 = 118	2 = 109	3 = 19	4 = 9	MV = 9
	Q6H	1 = 194	2 = 45	3 = 7	4 = 17	MV = 7
	Q6I	1 = 106	2 = 94	3 = 37	4 = 20	MV = 7
	Q6J	1 = 119	2 = 80	3 = 36	4 = 19	MV = 10
	Q6K	1 = 185	2 = 55	3 = 12	4 = 5	MV = 7
	Q6L	1 = 159	2 = 87	3 = 12	4 = 1	MV = 5
	Q6M	1 = 65	2 = 93	3 = 56	4 = 37	MV = 13
	Q6N	1 = 50	2 = 50	3 = 66	4 = 89	MV = 9
	Q6O	1 = 53	2 = 68	3 = 60	4 = 78	MV = 5
	Q6P	1 = 40	2 = 69	3 = 59	4 = 86	MV = 10
	Q6Q	1 = 115	2 = 100	3 = 29	4 = 12	MV = 8
	Q6R	1 = 129	2 = 82	3 = 23	4 = 17	MV = 13
	Q6S	1 = 168	2 = 66	3 = 17	4 = 6	MV = 7
7.	Q7A	1 = 41	2 = 196	3 = 11	MV = 16	
	Q7B	1 = 29	2 = 203	3 = 16	MV = 16	
	Q7C	1 = 38	2 = 182	3 = 27	MV = 17	
	Q7D	1 = 58	2 = 76	3 = 112	MV = 18	
8.	Q8A	1 = 81	2 = 157	3 = 13	MV = 13	
	Q8B	1 = 62	2 = 164	3 = 16	MV = 22	
	Q8C	1 = 68	2 = 148	3 = 26	MV = 22	
	Q8D	1 = 92	2 = 55	3 = 102	MV = 15	
9.	Q9	1 = 38	2 = 116	3 = 103	MV = 7	
10.	Q10A	0 = 257	1 = 7			
	Q10B	0 = 252	1 = 12			
	Q10C	0 = 260	1 = 4			
	Q10D	0 = 253	1 = 11			
	Q10E	0 = 251	1 = 13			
	Q10F	0 = 187	1 = 77			
	Q10G	0 = 233	1 = 31			

	Q10H	0 = 228	1 = 36			
	Q10I	0 = 242	1 = 22			
	Q10J	0 = 247	1 = 17			
	Q10K	0 = 229	1 = 35			
	Q10L	0 = 249	1 = 15			
	Q10M	0 = 190	1 = 74			
	Q10N	0 = 232	1 = 32			
	Q10O	0 = 212	1 = 52			
	Q10P	0 = 248	1 = 16			
	Q10Q	0 = 249	1 = 25			
	Q10R	0 = 254	1 = 10			
	Q10S	0 = 236	1 = 28			
11.	Q11A	0 = 262	1 = 2			
	Q11B	0 = 261	1 = 3			
	Q11C	0 = 262	1 = 2			
	Q11D	0 = 261	1 = 3			
	Q11E	0 = 251	1 = 13			
	Q11F	0 = 232	1 = 32			
	Q11G	0 = 252	1 = 12			
	Q11H	0 = 248	1 = 16			
	Q11I	0 = 251	1 = 13			
	Q11J	0 = 257	1 = 7			
	Q11K	0 = 247	1 = 17			
	Q11L	0 = 254	1 = 10			
	Q11M	0 = 224	1 = 40			
	Q11N	0 = 245	1 = 19			
	Q11O	0 = 235	1 = 29			
	Q11P	0 = 259	1 = 5			
	Q11Q	0 = 243	1 = 21			
	Q11R	0 = 259	1 = 5			
	Q11S	0 = 219	1 = 45			
12.	Q12	1 = 74	2 = 38	3 = 147	MV = 5	
13.	Q13A	} Shown in Table 3.12				
	Q13B					
	Q13C					
14.	Q14	1 = 19	2 = 34	3 = 89	4 = 48	5 = 19
		6 = 42	MV = 3			
15.	Q15	1 = 33	2 = 95	3 = 70	4 = 22	5 = 16
		6 = 16	MV = 12			
16.	Q16	1 = 157	2 = 14	3 = 36	4 = 11	5 = 20
		6 = 11	MV = 15			
17.	Q17	1 = 145	2 = 114	MV = 5		
18.	Q18	1 = 74	2 = 187	MV = 3		

19.	Q19	1 = 4 MV = 2	2 = 114	3 = 70	4 = 49	5 = 25
20.	Q20	1 = 6 6 = 30	2 = 20 7 = 11	3 = 79 8 = 3	4 = 81 MV = 4	5 = 37
21.	Q21	1 = 30 MV = 17	2 = 76	3 = 88	4 = 37	5 = 16
Area		1 = 16 MV = 1	2 = 56	3 = 38	4 = 32	5 = 121